ACCENT RESOURCES N.L.

ACN 113 025 808

HALF-YEAR REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2019

ACCENT RESOURCES N.L.

ACN 113 025 808

CONTENTS

Directors

Yuzi (Albert) Zhou – Executive Chairman
Dianzhou He - Non-Executive Director and Deputy Chairman
Jun Sheng Liang – Non-Executive Director
Jie You (alternate Director to Jun Sheng Liang)

Company Secretary

Robert Allen

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Solicitors

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MT LAWLEY WA 6050

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Stock Exchange Listing

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ASX Code: ACS

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Your Directors present their report together with the financial report of Accent Resources NL ("the Company" or "Accent" or "ACS") for the half-year ended 31 December 2019.

Directors

The Directors in office at the date of this report and at any time during the half-year are as follows:

Yuzi (Albert) Zhou – Executive Chairman
Dianzhou He – Non-Executive Director and Deputy Chairman
Jun Sheng Liang – Non-Executive Director
Jie You (alternate Director to Jun Sheng Liang)

Directors were in office for the entire period unless otherwise stated.

Results of Operations

The net loss of the Company after income tax for the six months ended 31 December 2019 amounted to $1,059,740 (2018: $2,056,720.)

Review of Operations

MZI Resources NL ("MZI")

In late 2015 the Company acquired a substantial shareholding in MZI Resources NL, a listed Western Australian mineral sands producer. Between 2016 and 2018 MZI failed to achieve targeted production and recovery levels resulting in it incurring substantial losses and a substantial build up in debt.

In March 2019 MZI's shares were suspended from trading and in April 2019 voluntary administrators were appointed. The Keysbrook operation was sold to Doral Mineral Sands Pty Ltd in June 2019 and MZI shares were removed from the ASX Official List in August 2019 and therefore the asset has been fully impaired to $nil as at 30 June 2019.

In December 2019 the administrators announced that they had executed a sale contract for MZI's Tiwi Island mineral sands mining and exploration titles. Also they announced they had conducted a sale campaign for the corporate shell and have selected a preferred bidder for possible recapitalisation and relisting.

Magnetite Range Iron Ore Project (ACS 100%)

The Company's wholly owned Magnetite Range Project ('MRP') is located in the Midwest region of Western Australia, immediately adjacent to the Extension Hill iron ore mine, and contains a total JORC resource of **434.5 Mt at 31.4% Fe** at 15% weight recovery cut off, as announced to the ASX on 28 November 2012.

The Julia Prospect saw the completion of a diamond drill hole during 2018, logging and zonation was completed during 2019 for a total of 130.7m. Appropriate test work has been recommended and is pending completion. Diamond core test work was delayed during the quarter due to other priorities.

The area between the main Julia zone and Hematite Hill is under review and a Program of Work was submitted for drilling over E59/875 and E59/2303 during the quarter.

CSA Global are providing ongoing specialist high level pre-feasibility advice on project strategy and test work. Staged PFS studies have commenced, including an internal review of MLA requirements for the project area.

The Company remains committed to development of the project, however ACS have impaired costs in relation to this project at this time. ASC continue to review land access, logistics, infrastructure and corporate options moving the project continually towards a pre-feasibility study (PFS).

Norseman Gold Project (ACS 100%)

The Norseman Gold Project occurs within a strongly mineralised portion of the southern Norseman-Wiluna greenstone belt and is located 5km south of the Norseman town site.

A JORC 2004 Code Mineral Resource for Iron Duke and Surprise deposits of **1,039,400 tonnes @ 1.8 g/t Au for 59,500 ounces** (99 percentile upper cut, 1.0 g/t Au lower cut off) was announced to the ASX on 26 November 2012. Over 70-80% of the resource is shallow, within 50m of surface.

The Norseman Project has seen a number of activities ramping up during the period including tenure acquisition negotiations, stage one drill design and field planning, Program of works (POW) 74353 (amended POW778908) submission(s), Stage one RC drill pegging exercise, Mining Lease Application review, and a recently completed Native Title Site Identification Heritage Survey by Ngadju with the assistance of Paperbark Corporation.

Norseman Project Tenure acquisition(s) have progressed and are currently pending grant at the time of writing this report. P63/2191 application was submitted on the 4th July 2019; with a standard heritage agreement executed on 15th September 2019. Accent attended a meeting with Department of Biodiversity, Conservation and Attractions (DBCA) during the quarter regarding conservation management plan requirements for P63/2191. The DBCA consultation advised Accent is required to complete a conservation management plan for the Brookman timber reserve 197/25; Figure 01 – P63/2191.

Stage one (RC) drilling has been pegged (~40 holes) and site access checked, site logistics and preparation studies have commenced and will continue into the next reporting period. Stage two drill planning has been reviewed and will continue during the next reporting period. Stage two drilling will include diamond drill hole targeting.

The Project wide storage yard sample relocation exercise is ongoing and currently pending completion. The majority of the Company's historical samples have been relocated to Lot 163 England Crescent, Perenjori, the remaining samples are currently pending final relocation. Upon completion of the relocation exercise, the quality and quantity of Norseman samples will be audited and reviewed for potential multielement geochemical analysis.

A Ngadju Native Title Site Identification Heritage Survey was planned as a pre requisite for drilling. The field survey and final reporting was completed over the Norseman Project during the reporting period. The survey crew consisted of one Anthropologist, Dr Micheal Weir; 6 Ngadju representatives and two Accent personal. The Final Heritage Survey report indicated no significant sites recorded over the survey areas completed. Figure 02 Norseman Project Heritage Survey Boundary Extent.

Mining Lease application (M63/657) applied for on 3 September 2015 is pending with the WA Department of Mines, Industry Regulation and Safety. This application seeks to convert 7 contiguous granted Prospecting Licenses and 5 contiguous granted Mining Leases into one consolidated Mining Lease (M63/657). The 12 tenements are P63/1380-1381; P63/1383-1384; P63/1642; P63/1893; P63/1904; M63/225-226; M63/229; M63/247 and M63/369.

Mining Lease Agreement Native Title negotiations for MLA63/657 have again commenced with another assigned Ngadju Native Title Aboriginal Corporation (NNTAC) lawyer to the project. ACS have provided a copy of a draft MLA mining agreement for review and is currently awaiting feedback from Ngadju Native Title Lawyers and NNTAC.

During 2019 and early 2020 the Company has been vigorously defending applications for forfeiture of 4 tenements which have been lodged by a third party. In the meantime, the Company is continuing to invest in the Norseman project. The Company will update the market as and when appropriate of the outcome of the forfeiture applications.

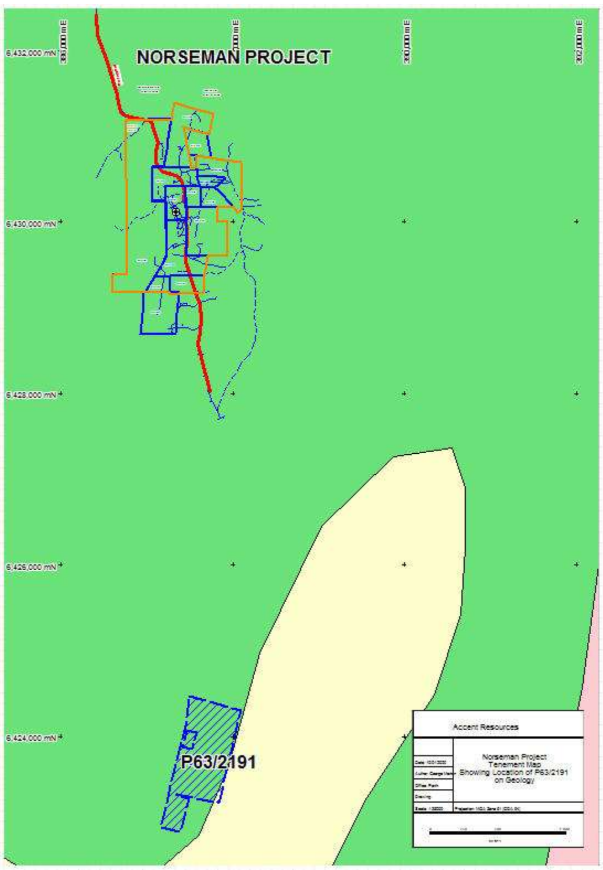

Figure 1 - Norseman Project Area and P63/2191 Application located approximately 4km south of project area

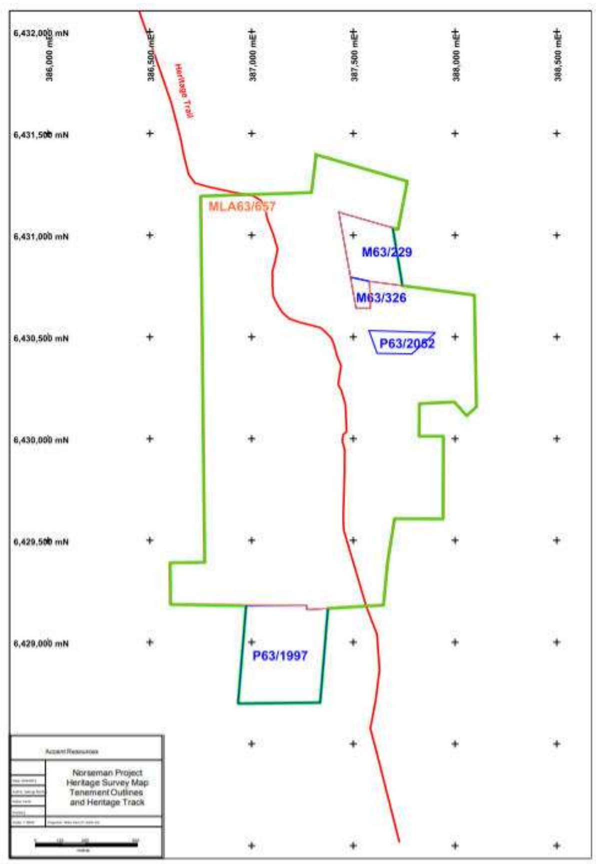

Figure 2 - Norseman Project Heritage Survey Location Map – Boundary Extent of Survey Area (Green)

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resource and Ore Reserves is based on information compiled by Ms George Morton, a Competent Person who is a Member of the Australian Institute of Geoscientists. Ms Morton is a full time employee of Accent Resources NL. Ms Morton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Morton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Subsequent Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration has been received and is included with this half-year report.

Signed in accordance with a resolution of the Board of Directors.

Yuzi (Albert) Zhou
Executive Chairman
13th March 2020

	Note	31 December 2019 $	31 December 2018 $
Other income	2	3,458	2,898
Administration expenses		(263,069)	(105,106)
Depreciation		(19,149)	(5,019)
Occupancy expenses		(20,412)	(24,141)
Directors fees		(128,527)	(61,396)
Finance costs	3	(434,206)	(335,499)
Other expenses		(72,203)	(20,324)
Impairment of exploration expenditure	11	(125,632)	(1,508,133)
Loss before income tax expense		(1,059,740)	(2,056,720)
Income tax expense		-	-
Loss for the period attributable to the members of the company		**(1,059,740)**	**(2,056,720)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on financial assets		-	(460,000)
Total other comprehensive loss		-	(460,000)
Total comprehensive loss for the period attributable to the members of the company		**(1,059,740)**	**(2,516,720)**
		Cents Per Share	
Basic and diluted loss per share		(0.59)	(1.14)

The accompanying notes form part of these financial statements.

	Note	31 December 2019 $	30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents		608,880	362,005
Trade and other receivables		15,882	15,742
Total Current Assets		**624,762**	**377,747**
Non-Current Assets			
Property, plant and equipment	10	135,509	102,146
Exploration and evaluation assets	11	3,238,088	3,083,524
Total Non-Current Assets		**3,373,597**	**3,185,670**
Total Assets		**3,998,359**	**3,563,417**
LIABILITIES			
Current Liabilities			
Trade and other payables		84,831	128,254
Lease liabilities	12	14,653	-
Provisions for employee entitlements		135,230	128,373
Total Current Liabilities		**234,714**	**256,627**
Non-Current Liabilities			
Lease liabilities	12	30,693	-
Borrowings	13	3,917,283	6,727,493
Convertible loan notes	14	3,118,047	-
Total Non-Current Liabilities		**7,066,023**	**6,727,493**
Total Liabilities		**7,300,737**	**6,984,120**
NET LIABILITIES		**(3,302,378)**	**(3,420,703)**
EQUITY			
Issued capital		29,058,955	29,058,955
Reserves		(760,000)	(760,000)
Convertible note reserve	14	61,497	-
Parent and shareholder contribution		3,158,344	2,041,776
Accumulated losses		(34,821,174)	(33,761,434)
TOTAL EQUITY		**(3,302,378)**	**(3,420,703)**

The accompanying notes form part of these financial statements.

	Note	Issued Capital $	Accumulated Losses $	Financial Assets Reserve $	Convertible Note Reserve $	Parent and Shareholder Contribution $	Total Equity $
Balance at 1 July 2018		**29,058,955**	**(31,002,904)**	**-**	**-**	**1,886,126**	**(57,823)**
Loss for the year		-	(2,056,720)			-	(2,056,720)
Net fair value loss on financial assets		-	-	(460,000)	-	-	(460,000)
Total Comprehensive loss for the period		-	(2,056,720)	(460,000)	-	-	(2,516,720)
Transactions with owners in their capacity as owners							
Contribution from shareholder		-	-	-	-	140,520	140,520
Balance at 31 December 2018		**29,058,955**	**(33,059,624)**	**(460,000)**	**-**	**2,026,646**	**(2,434,023)**
Balance at 1 July 2019		**29,058,955**	**(33,761,434)**	**(760,000)**	**-**	**2,041,776**	**(3,420,703)**
Loss for the year		-	(1,059,740)			-	(1,059,740)
Total Comprehensive loss for the period		-	(1,059,740)	-		-	(1,059,740)
Transactions with owners in their capacity as owners							
Contribution from shareholder	7	-	-	-	-	1,116,568	1,116,568
Equity component of convertible note	14	**-**	**-**	**-**	61,497	**-**	61,497
Balance at 31 December 2019		**29,058,955**	**(34,821,174)**	**(760,000)**	**61,497**	**3,158,344**	**(3,302,378)**

The accompanying notes form part of these financial statements.

	31 December 2019 $	31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(446,772)	(242,164)
Interest received	3,458	2,898
Net cash used in operating activities	**(443,314)**	**(239,266)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(6,651)	-
Payments for exploration and evaluation	(295,180)	(303,559)
Net cash used in investing activities	**(301,831)**	**(303,559)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,000,000	1,000,000
Repayment of lease liabilities	(7,980)	-
Net cash provided by financing activities	**992,020**	**1,000,000**
Net increase in cash and cash equivalents held	246,875	457,175
Cash and cash equivalents at the beginning of the financial period	362,005	354,074
Cash and cash equivalents at the end of the financial period	**608,880**	**811,953**

The accompanying notes form part of these financial statements.

1. GENERAL INFORMATION

Accent Resources NL (the Company) is a Company limited by shares incorporated and registered in Australia. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and the nature of the Company's operations are explained on page 2.

The functional currency and presentation currency of Accent Resources NL is Australian dollars.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These general purpose financial statements for the interim half year reporting period ended 31 December 2019 have been prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent financial report.

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the financial year ended 30 June 2019, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16 Leases and compound financial instruments. The accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

The financial statements were authorised for issue on 13 March 2020.

Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company has incurred a net loss of $1,059,740 (2018: $2,056,720) and experienced net cash outflows from operating and investing activities of $745,145 (December 2018: $542,825) for the half-year ended 31 December 2019. As at 31 December 2019, the Company had a cash balance of $608,880, a working capital surplus of $390,048 (June 2019: $121,120) and a net liability position of $3,302,378 (June 2019: $3,420,703). During the period, the Company entered into a convertible note agreement with Rich Mark Development (Group) Pty Ltd, with funding of two tranches of $500,000 to be received. The first tranche was received on 20 January 2020 and the second tranced is due to be received by 10 April 2020.

The directors have prepared a cash flow forecast for the period ending 31 March 2021 which indicates current cash resources will meet expected cash outflows. The ability of the Company to continue as a going concern is dependent on:

- Receiving the second tranche instalment of $500,000 relating to the convertible note with Rich Mark Development (Group) Pty Ltd by 10 April 2020;

- If the second tranche of $500,000 is not received, the Company would be required to raise additional funding of at least $280,000 in the second half of the calendar year; and

- Managing and deferring costs where applicable to coincide with the funding received outlined above to ensure all obligations can be met.

The directors are satisfied that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate.

Should the Company be unable to achieve the matters listed above, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Adoption of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year end 31 December 2019. New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Company include:

- AASB 16 – *Leases ('AASB 16')*

Effect of adoption of AASB 16 Leases

New Accounting Policy:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset as property, plant and equipment and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as 'Property, Plant and Equipment' in the statement of financial position.

The Company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (as outlined in the financial report for the annual reporting period).

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Occupancy expense" in the profit or loss.

Impact of Adoption:

The Company adopted AASB 16 with effect from 1 July 2019, using the "cumulative catch-up" approach, therefore has not restated comparatives, as permitted under transition provisions of the standard. Any reclassifications and adjustments arising from the adoption of the standard have been recognised in the opening balances on 1 July 2019 and there were no adjustment made to opening accumulated losses.

The Company has adopted the following incremental borrowing rates for discounting depending on the lease term and the nature of the underlying asset.

Commercial building lease	3 years	3.5%

In transitioning the Company has applied the following practical expedients in AASB 16:

- A single discount rate has been used for leases with similar lease terms for similar underlying assets in a similar economic environment; and
- Initial direct costs have been excluded from measurement of the right-of-use assets at the date of initial application.

In line with the definition of incremental borrowing rate in AASB 16, the interest rate used by the Company for the calculations is 3.5% corresponding to the respective lease terms and based on information obtained from websites of various banks in Australia.

The undiscounted operating lease commitments as disclosed in the financial statements at 30 June 2019 vary from the lease liability recognised in the statement of financial position due to the below reason(s):

	1 July 2019
	$
Operating lease commitment as disclosed in the Company's financial statements as at 30 June 2019	56,400
Discounted using the Company's incremental borrowing rate	(3,917)
Lease liabilities recognised as at 1 July 2019	52,483

Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ending 31 December 2019. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the Company.

Compound financial instrument

Since last reporting period, following accounting policies become applicable to the Company.

Compound financial instruments issued by the Group comprise convertible notes denominated in Australian dollar that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with the changes in fair value.

The liability component of the compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

On conversion of a convertible instrument, the Company derecognises the liability component and recognises it as issued capital. The equity component remains as equity until conversion, in which case the balance is transferred to issued capital. Where the conversion option remains unexercised at the maturity date, the balance recognised in equity will be transferred to retained earnings. There is no gain or loss on conversion upon conversion or expiration of the conversion option.

2. REVENUE AND EXPENSES

	31 December 2019	31 December 2018
Other income	$	$
Interest income	3,458	2,898
Total other income	3,458	2,898

3. FINANCE COSTS

Finance costs	31 December 2019 $	31 December 2018 $
Interest on borrowings	396,274	335,499
Interest on convertible note	37,089	-
Interest on lease liability	843	-
Total finance costs	434,206	335,499

4. DIVIDENDS PAID

There have been no dividends paid nor declared since the last reporting date.

5. COMMITMENTS

The Company has annual exploration expenditure and rent commitments of $227,933 (2018: $212,100) and $22,560 (2018: $26,023), respectively.

6. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

7. RELATED PARTY TRANSACTIONS

(a) Loans from Related Parties

The Company's related party loans remained consistent during the period, with the exception of the following:

The Company borrowed a further $1 million from Rich Mark Development (Group) Pty Ltd which has shareholdings representing 15.590% of the Company. The loan was unsecured and subject to interest at 6% which accrues six monthly and is payable along with the principal at maturity, being 30 June 2021. The fair value of the loan was measured on drawdown, based on an effective interest rate of 18.09% recognised a shareholder contribution of $190,031.

On 29 November 2019, the shareholders approved the Company to issue a convertible note to Rich Mark Development (Group) Pty Ltd, which will replace all loans advanced to the Company by Rich Mark (Group) Pty Ltd (as detailed below). Details of the convertible note have been disclosed in Note 14.

Party	Description	Balance 30 June 2019	Shareholder / parent contribution	Interest expense for period	Balance as at 6 December 2019	Balance as at 31 December 2019
Xingang Resources (HK) Ltd.		$3,724,729	$1,515,482	$192,553	N/A	$3,917,283
Rich Mark Development (Group) Pty Ltd	Loan 1	$1,070,662	$243,070	$56,668	$1,127,329	$nil
	Loan 2	$930,704	$227,939	$50,653	$1,021,900	$nil
	Loan 3	$1,001,398	$55,285	$55,319	$1,105,802	$nil
	Loan 4	$nil	$190,031	$41,081	$851,051	$nil
	Convertible Note	$nil	$926,537	$37,089	$3,118,047	$3,118,047

(b) Transactions with Related Parties

There has been no change with other transactions with related parties that have already been disclosed in the annual financial report for the year ended 30 June 2019.

8. SEGMENT INFORMATION

Identification of Reportable Segment

The Company identifies its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Company operates in mineral exploration in Australia. The financial information in the Statement of Profit or loss and other Comprehensive Income and the Statement of Financial Position is the same as that presented to the chief operating decision maker.

9. ISSUED CAPITAL

There was no change in Issued Capital during the period.

10. PROPERTY, PLANT AND EQUIPMENT

	31 December 2019 $	30 June 2019 $
PROPERTY		
Freehold land		
At cost	50,007	50,007
Accumulated depreciation	-	-
	50,007	50,007
RIGHT-OF-USE ASSET		
Right-of-use asset		
At cost	52,483	-
Accumulated depreciation	(7,980)	-
	44,503	-
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	305,090	299,625
Accumulated depreciation	(264,091)	(247,486)
	40,999	52,139
Total Property, Plant and Equipment	135,509	102,146

11. EXPLORATION AND EVALUATION COSTS

	31 December 2019 $	30 June 2019 $
Carrying amount at the beginning of the year (net of R&D incentives)	3,083,524	4,167,067
Deferred exploration expenditure incurred during the period	280,196	547,962
Impairment of capitalised expenditure	(125,632)	(1,631,505)
Closing Balance	3,238,088	3,083,524

The Company has received various applications of forfeiture on several tenements alleging that minimum expenditure requirements have not been met to date. The Company is confident that it will successfully defend the matter. The Company continues to hold tenure on all tenements, including those affected by forfeiture applications at the date of this report.

12. LEASE LIABILITIES

	31 December 2019
	$
Maturity analysis	
Year 1	15,960
Year 2	15,960
Year 3	15,960
Year 4	-
	47,880
Less: unearned interest	(2,534)
	45,346
Analysed as:	
Non-current	30,693
Current	14,653
	45,346

On 1 January 2020, the Company triggered an option for a 3-year lease to rent property, which was anticipated before 31 December 2019, and as a result, a lease liability and right-of-use asset has been recognised at 1 July 2019 totalling $52,483. The aggregate future cash outflows to which the Company is exposed in respect of this contract is fixed payments of $15,960 per year, for the next 3 years. There are no extension or termination options on the lease.

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

13. BORROWINGS

	31 December 2019	30 June 2019
Non-Current	$	$
Borrowings	3,917,283	6,727,493
	3,917,283	6,727,493

In the 2016 year the major shareholder of the Company, Xingang Resources (HK) Ltd, extended a loan facility of $4 million to enable the Company to participate in a placement of shares by MZI Resources Ltd. The loan is unsecured, repayable at 31 December 2021 and presented as a non-current liability with an effective interest rate of 10% per annum. At 31 December 2019, the carrying value of the liability is $3,917,283 (30 June 2019: $3,724,729), and the balance recognised as contribution by the parent is $1,515,482 (30 June 2019: $1,515,482).

The borrowings from Rich Mark Development (Group) Pty Ltd held by the Company at 30 June 2019 were extinguished on 6 December 2019, replaced with the convertible note disclosed in Note 14. Refer to Note 7 for details of these loans.

14. CONVERTIBLE NOTES

Non-Current	31 December 2019 $	30 June 2019 $
Proceeds from issue of convertible notes	4,106,082	-
Shareholder contribution	(926,537)	-
Convertible note reserve	(61,497)	-
Carrying amount of legality at 31 December 2019	**3,118,047**	**-**

On 29 November 2019, the shareholders approved the Company to issue a convertible note to Rich Mark Development (Group) Pty Ltd, which replaced the loans advanced to the Company by Rich Mark (Group) Pty Ltd detailed in Note 7 as well as two additional tranches of $500,000 to be advanced by 31 January 2020 and 10 April 2020. The convertible note will have a face value of up to $6,416,009 (comprising the $5,000,000, being the total outstanding principal of the current loans, plus accrued interest), it is unsecured with a maturity date of 6 December 2022, and subject to shareholder approval:

- Will be convertible into fully paid ordinary shares in the Company at a conversion price of 2 cents per share
- The Convertible Note can only be converted at 6 monthly intervals and for the full amount of the face value at that time
- Have a nominal interest rate at 6%
- The conversion of the convertible note is at Rich Mark Development (Group) Pty Ltd's election.

Interest related to the financial liability is recognised in profit or loss at an interest rate of 18.09% per annum.

15. SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

ACN 113 025 808

In accordance with a resolution of the Board of Directors pursuant to s.303(5) of the *Corporations Act 2001*, the Directors of the Company declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

On behalf of the Directors

Yuzi (Albert) Zhou
Executive Chairman

Dated this 13th day of March 2020

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the members of Accent Resources NL

We have reviewed the accompanying half-year financial report of Accent Resources NL, which comprises the condensed statement of financial position as at 31 December 2019, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Accent Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Accent Resources NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Accent Resources NL is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that for the half-year ended 31 December 2019 the Company incurred a loss of $1,059,740 (2018: $2,056,720), experienced net cash outflows from operating and investing activities of $745,145 (December 2018: $542,825) and, as at that date had a working capital surplus of $390,048 (June 2019: $121,120) and a net liability position of $3,302,378 (June 2019: $3,420,703). These conditions, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

N Menezes

Nicole Menezes
Partner
Chartered Accountants
Perth, 13 March 2020

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Accent Resources NL
Level 9, 250 Queen Street
MELBOURNE VIC 3000

13 March 2020

Dear Board Members,

Auditor's Independence Declaration to Accent Resources NL

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Accent Resources NL.

As lead audit partner for the review of the financial statements of Accent Resources NL for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

N Menezes

Nicole Menezes
Partner
Chartered Accountants